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FM AMCONSUL RIO DE JANEIRO  
TO SECSTATE WASHDC 4687  
INFO AMEMBASSY BRASILIA  
AMCONSUL SAO PAULO  
AMCONSUL RECIFE  
WESTERN HEMISPHERIC AFFAIRS DIPL POSTS  
USDOC WASHDC  
DEPT OF ENERGY WASHDC

UNCLAS RIO DE JANEIRO 000304

STATE FOR WHA/BSC, WHA/CCA, WHA/EPSC, EEB/ESC

E.O. 12958: N/A

TAGS: [EPET](#) [ENRG](#) [CU](#) [BR](#)

SUBJECT: MORE DETAILS OF PETROBAS-CUPET DEAL

REF: RIO DE JANEIRO 302

[1](#)1. Brazilian state-controlled oil company Petrobras signed an agreement on October 31 to explore for oil in Cuba's still untapped offshore fields, which Cuban energy officials say may hold more than 20 billion barrels of reserves. Petrobras agreed to make an initial investment of USD 8 million to begin exploration of a block just off Cuba's northern coast east of Havana. The contract gives Petrobras 7 years to explore and 25 years to produce oil and gas in a production-sharing contract with Cuba. Brazilian President Lula and Cuban President Raul Castro attended the signing ceremony in Havana.

[1](#)2. Cuba has divided its offshore area in the Gulf of Mexico into 59 blocks, about half of which have been leased to seven companies from around the world (none of them American due to the U.S. trade embargo). Petrobras got block number 37 near the onshore fields from which Cuba currently produces most of its 60,000 barrels per day of oil. Petrobras' block covers 1,600 square kilometers and includes waters 1,640 feet (500 meters) to 5,250 feet (1,600 meters) deep.

MARTINEZ